

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 AID-05 SP-02 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 OMB-01 CEA-01 CIAE-00 INR-05

NSAE-00 XMB-02 IO-10 COME-00 IGA-01 ABF-01 /068 W

----- 024595

R 111105Z DEC 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 1779

C O N F I D E N T I A L VIENTIANE 8980

E.O. 11652: GDS

TAGS: PFOR, EAID, LA

SUBJECT: LAO PLEAD FOR MORE AID FOR FEOF

REF: A) STATE 268439

B) USUN 3396

C) STATE 227465

D) VIENTIANE 8927

E) VIENTIANE 8631

1. MISSION SURPRISED BY LAO AMB KHAMPHAN PANYA'S APPROACH FOR INCREASE IN U.S. CONTRIBUTION TO FEOF. PHOUMI DID POINT OUT NEED FOR ADDITIONAL ASSISTANCE IN GENERAL IN HIS TALK WITH SECRETARY (REF B), AND MINFIN NGON SANANIKONE HAS ASKED FOR CONTINUED DONOR SUPPORT OF FEOF IN CY 1975, POSSIBLY AT INCREASED LEVELS BUT AT LEAST AT THIS YEAR'S LEVELS. HOWEVER, NEITHER PHOUMI NOR NGON NOR ANY RLG OFFICIAL HAS APPROACHED AMBASSADOR OR ANY MISSION MEMBER WITH SPECIFIC REQUEST FOR INCREASED U.S. CONTRIBUTION TO FEOF.

2. IN PREVIOUS CALL BY LAO AMB AT DEPARTMENT (REF C), ASSISTANT ADMINISTRATOR NOOTER CLEARLY STATED TO KHAMPHAN PANYA CONGRESSIONAL DIFFICULTIES WITH CONTINUED U.S. FUNDING EVEN AT PRESENT LEVELS FOR FEOF. SINCE THIS CONVERSATION WAS PRESUMABLY REPORTED TO FONMIN, IT SEEMS SURPRISING THAT PHOUMI WOULD NEVERTHELESS PRESS STRONGLY FOR INCREASED U.S. CONTRIBUTION

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TO FEOF. MISSION THEREFORE INCLINED TO BELIEVE THAT KHAMPHAN

PANYA'S APPROACH TO DEPARTMENT MAY REFLECT, IN PART AT LEAST, HIS DESIRE TO ENHANCE HIS RELATIONS WITH PHOUMI, AS MENTIONED REF A, PARA. 1. APPROACH MAY ALSO BE RELATED TO CONTEMPLATED AID-SEEKING TRIP OF MINDEF SISOUK TO WASHINGTON, WHEN LATTER HOPES FOR SOME TANGIBLE RESULTS IN ORDER TO ENHANCE STANDING OF VIENTIANE SIDE IN COMPETITIVE QUEST FOR ADDITIONAL AID.

3. AMBASSADOR HAS REPEATEDLY STATED USG SUPPORT FOR PGNU AND INTENTION TO CONTINUE U.S. AID PROGRAM AT CURRENT LEVELS WITHIN CONSTRAINTS DICTATED BY CONGRESSIONAL APPROPRIATIONS. AT VARIOUS MEETINGS USAID REPS HAVE ALSO INDICATED CONTINUING U.S. SUPPORT FOR FEOF IN CY 1975, PERHAPS AT THIS YEAR'S LEVEL, AND STATED THAT WE WOULD WELCOME INCREASED FEOF CONTRIBUTIONS FROM OTHER DONORS. THUS KHAMPHAN PANYA'S ARGUMENT THAT SYMBOLIC INCREASE IN U.S. CONTRIBUTION WOULD BE QTE A GOODWILL GESTURE UNQTE, DEMONSTRATING THAT USG IS NOT HOSTILE TO PGNU, SEEMS RATHER FAR-FETCHED.

4. RE SUBSTANCE OF REQUEST, MISSION DOES NOT BELIEVE THAT AN INCREASE IN U.S. FEOF CONTRIBUTION IN 1975 IS WARRANTED. NEGOTIATIONS FOR RENEWAL OF FEOF AGREEMENTS SHOULD COMMENCE SHORTLY, AND MAJOR SUBJECT OF DISCUSSIONS WILL BE PROPOSED GOVERNMENT FINANCIAL AND FOREIGN EXCHANGE POLICIES IN 1975. WHILE PROJECTED LAO FOREIGN EXCHANGE AVAILABILITIES ARE LOWER THAN IN 1974, PGNU SHOULD BE ABLE TO MEET ESSENTIAL IMPORT REQUIREMENTS IN 1975 WITH PRUDENT AND SENSIBLE FISCAL, MONETARY AND EXCHANGE POLICIES. FURTHERMORE, IF SIGNIFICANT FLOW OF COMMODITY AID AND ADDITIONAL DONOR CONTRIBUTIONS (REF D) MATERIALIZES, THIS COULD BE IMPORTANT FACTOR EASING FOREIGN EXCHANGE REQUIREMENTS. ANY INDICATION AT THIS TIME THAT U.S. IS CONSIDERING AN INCREASE IN ITS FEOF CONTRIBUTION COULD, IN OUR VIEW, ACTUALLY BE COUNTERPRODUCTIVE BY REDUCING PRESSURE ON PGNU TO FORMULATE A REASONABLE STABILIZATION AND DEVELOPMENT POLICY WHICH WE BELIEVE IS URGENTLY NEEDED.

CHAPMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 11 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974VIENTI08980
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740359-0758
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741241/aaaabjnp.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 74 STATE 268439
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2002 by rowelle0>; APPROVED <26 MAR 2003 by CunninFX>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LAO PLEAD FOR MORE AID FOR FEOF
TAGS: PFOR, EAID, LA, US, FEOF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005